

Message Text

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ORIGIN EB-08

INFO OCT-01 ARA-14 EA-12 ISO-00 ABF-01 SS-15 A-01
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DRAFTED BY EB/ISM:MDEWITT/A/BF/OAG:JHSOUTHERLAND
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ARA/ECA:SMILES
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EA/PHL:JSARTORIUS

-----060856 261131Z /17

P R 252157Z JUL 78
FM SECSTATE WASHDC
TO AMEMBASSY BUENOS AIRES PRIORITY
AMEMBASSY BRASILIA PRIORITY
AMEMBASSY CANBERRA PRIORITY
AMEMBASSY MANILA PRIORITY
AMEMBASSY MEXICO PRIORITY
AMEMBASSY SANTIAGO PRIORITY
AMEMBASSY PANAMA PRIORITY
INFO USCG HONOLULU HAWAII

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PANAMA FOR TUCKER, GAO, USCG PASS USGAO HONOLULU HAWAII

E.O. 11652: N/A

TAGS: AGAO, EMIN

SUBJECT: GAO REVIEW: "ASSESSMENT OF THE INCREASING RELIANCE
OF U.S. MANUFACTURERS ON FOREIGN PROCESSED MATERIALS"
FORDIRECTOR USGAO HONOLULU
1. THE GAO HAS INFORMED THE DEPARTMENT THAT SUBJECT
REVIEW WHICH HAS BEEN IN PROGRESS AT U.S. GOVERNMENT
AGENCIES AND PRIVATE COMMERCIAL FIRMS, WILL BE BROADENED TO
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INCLUDE TRAVEL TO SELECTED OVERSEAS POSTS. PURPOSE OF
THESE VISITS WILL BE TO OBTAIN COMPARATIVE INFORMATION AS
TO WAYS FOREIGN GOVERNMENTS ARE INFLUENCING INVESTMENT
DECISIONS FOR MINING AND MINERAL PROCESSING FACILITIES IN
THE ALUMINUM, COPPER, FERROALLOY AND ZINC INDUSTRIES.

2. THE GAO TWO-MAN TEAM WILL BE SEEKING ANSWERS TO THE

FOLLOWING GENERAL QUESTIONS, RECOGNIZING NOT ALL QUESTIONS APPLY TO ALL POSTS AND THAT MOST COUNTRIES ARE SIGNIFICANT PRODUCERS OF ONLY SOME OF THE METALS UNDER REVIEW:

1. HOW DO THE GOVERNMENTS VIEW THE FUTURE OF THE METALS/MINERALS INDUSTRY? WHAT CHANGES HAVE OCCURRED IN RECENT YEARS? WHAT IS PLANNED FOR THE FUTURE ESPECIALLY REGARDING INCREASED METAL PROCESSING?

2. HOW DO COMPANIES OBTAIN FINANCING FOR MINING AND PROCESSING PROJECTS? WHAT HELP DOES THE GOVERNMENT PROVIDE?

3. DO THE GOVERNMENTS HAVE TAX POLICIES (DEPLETION ALLOWANCES, DEPRECIATION, AMORTIZATION, REBATES, ETC) WHICH ENCOURAGE DEVELOPMENT IN THE MINING AND PROCESSING OF MINERALS?

4. WHAT ARE THE GOVERNMENTS' ATTITUDES CONCERNING EXPORT AND IMPORT TARIFFS, WITHIN THEIR COUNTRY AS WELL AS THOSE OF OTHER COUNTRIES AS THEY INFLUENCE INVESTMENT DECISIONS FOR METAL PROCESSING FACILITIES?

5. DO GOVERNMENT REGULATIONS CONSTRAIN FORMATION, SIZE, CORPORATE STRUCTURE, ETC. OF MINING VENTURES?

6. WHAT ENVIRONMENTAL STANDARDS MUST BE CONSIDERED BY COMPANIES ENGAGED IN MINING AND PROCESSING? HOW MUCH DO UNCLASSIFIED

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THEY COST? HOW ARE THEY PAID FOR?

7. WHAT STANDARDS CONTROL WORKER SAFETY? ARE THE STANDARDS IMPOSED BY GOVERNMENT OR LABOR UNIONS? HOW COSTLY ARE THEY? WOULD THEY LIKELY INFLUENCE INVESTMENT DECISIONS?

8. HOW HAS ENERGY SHORTAGES AND HIGHER COSTS AFFECTED GROWTH IN THE MINERALS PROCESSING INDUSTRY? HOW DOES ENERGY SUPPLY AFFECT DECISIONS TO EXPAND OR BUILD PROCESSING FACILITIES? WHAT HAVE THE GOVERNMENTS DONE TO DEVELOP ENERGY SOURCES FOR PROCESSING?

9. HOW DO GOVERNMENTS AND BUSINESSES RESPOND TO FLUCTUATIONS IN DEMAND? HOW DO SOCIAL OR TRADE POLICIES INFLUENCE PRODUCTION?

PLEASE IDENTIFY ANY AIRGRAMS OR OTHER MATERIALS PREPARED BY THE POST DEALING WITH ISSUES MENTIONED ABOVE. TO FACILITATE THE FIELD WORK, IT WOULD BE APPRECIATED IF RESPONSES COULD BE COMPILED AND AVAILABLE TO GAO REPRESENTATIVES UPON ARRIVAL.

3. THE GAO TEAM WILL WANT TO MEET WITH APPROPRIATE EMBASSY OFFICERS, OFFICIALS OF HOST GOVERNMENT AND REPRESENTATIVES OF COMMERCIAL PROCESSING FACILITIES. SUGGESTED NAMES OF OFFICIALS AND ORGANIZATIONS GAO AUDITORS WILL WANT TO CONFER WITH AND SPECIFIC QUESTIONS FOR EACH COUNTRY WILL BE PROVIDED SHORTLY. THE GAO IS AWARE THAT CONTACTS WITH FOREIGN OFFICIALS ARE AT THE DISCRETION OF THE AMBASSADOR, TO BE MADE BY THE EMBASSY AND EMBOFF TO ACCOMPANY, IF FEASIBLE.

4. NAMES OF TEAM MEMBERS, TRAVEL PLANS, SECURITY CLEARANCES AND HOTEL REQUIREMENTS WILL BE CABLED BY THE DEPARTMENT AND RESPECTIVE GAO REGIONAL BRANCH OFFICE AS UNCLASSIFIED

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SOON AS THIS INFORMATION BECOMES AVAILABLE.

5. SUBJECT TO POST'S CONCURRENCE, THE GAO TEAM WOULD LIKE TO VISIT ADDRESSEE POSTS IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

MEXICO - AUG. 14 - 18

BRASILIA - AUG. 17 - SEPT. 1

SANTIAGO - AUG. 21 - 25

BUENOS AIRES - AUG. 27 - SEPT. 1

MANILA - AUG. 14 - 18

CANBERRA - AUG. 21 - SEPT. 1

IF EMBASSY CONCURS, THE GAO WOULD APPRECIATE RECEIVING THE NAME OF THE EMBASSY OFFICER WHO WILL SERVE AS PROJECT OFFICER.

6. IT IS THE DEPARTMENT'S POLICY TO BE OF ASSISTANCE TO THE GAO AND TO BE AS HELPFUL AS POSSIBLE WITHIN THE GUIDELINES OF 4 FAM 930-934. ANY QUESTIONS OR PROBLEMS THAT SHOULD ARISE DURING THE COURSE OF THE VISIT, PARTICULARLY REGARDING GAO ACCESS TO AND/OR RETENTION OF DEPARTMENT FILES OR DOCUMENTS SHOULD BE REFERRED TO THE DEPARTMENT.

7. GAO TEAM MEMBERS WILL BE PLEASED TO BRIEF APPROPRIATE EMBASSY OFFICERS ON THE RESULTS OF VISIT, IF DESIRED. PLEASE ADVISE. VANCE
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Message Attributes

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Draft Date: 25 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
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ISecure: 1
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To: BUENOS AIRES BRASILIA MULTIPLE
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Review Markings:
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